

**NASA**  
**OPERATIONS MANAGEMENT COUNCIL**  
**Meeting Minutes and Actions**

**VITAL MEETING DATA**

**Date:** February 15, 2007

**Time:** 10:30 a.m. – 3:15 p.m., EST

**Location:** NASA Headquarters, Room 7C61 and ViTS

**Agenda:** See attached

**Attendance:** See attached

**MEETING ACTIVITIES**

Deputy Administrator Shana Dale opened the meeting at 10:30 a.m.

**Opening Remarks**

The Deputy Administrator stated that she will be stepping out of the meeting today for a short while; Chief of Staff Paul Morrell will be the alternate chair during that time.

In her opening remarks, the Deputy Administrator emphasized the importance of the first presentation topic, Homeland Security Presidential Directive 12 (HSPD-12). The implementation of this directive is an important initiative for NASA and all of the federal government, and she encouraged everyone to approach it from the perspective of an American citizen and recognize that it will result in improved security for the country. The Department of Defense (DoD) implemented smart cards, similar to what NASA will implement for HSPD-12, and reduced their successful network intrusions by 46 percent. This improved security performance can be achieved for NASA as well.

**Minutes**

Minutes for the Operations Management Council (OMC) meetings on October 19, 2006 and January 10, 2007 have been approved.

**Status of Open Actions from Previous OMC Meetings**

Status of Open Actions will be provided separately.

**OMC Meetings through May 2007**

- March 24<sup>th</sup> – this meeting was subsequently cancelled
- April 10-11 – this 2-day meeting, including a 1-day offsite for Mission Support Plan discussions, was subsequently cancelled
- May 24<sup>th</sup> – this meeting was subsequently changed to May 21<sup>st</sup> at NASA Headquarters

**First Item of Business:** Homeland Security Presidential Directive 12 (HSPD-12)

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Walter Hussey, HSPD-12 Program Manager, presented an overview of the HSPD-12 requirements, background, and status, summarized as follows:

- HSPD-12 provides common (and significantly more stringent) security standards across the federal government for access to federal facilities and systems.
- Implementation of HSPD-12 within the required timeframe is a high priority for NASA at this time and involves several projects that are both visible (e.g., rebadging) and invisible (e.g., new identity management system).
- Several Mission Support Offices (MSOs) are involved in the planning and implementation of HSPD-12 requirements, including the Office of Security and Program Protection and the Office of the Chief Information Officer.
- HSPD-12 program strategy has been to have a small project office at Headquarters, using a team approach for support from the MSOs and Centers. Implementation is occurring at the Centers using solutions developed and provided at the Agency level.
- Face-to-face meetings have taken place with the HSPD-12 Program Manager and all of the Center senior leadership, and all have expressed their commitment to meeting the HSPD-12 commitments within the required timeframes.

Hussey provided a brief status of progress on each major requirement, using stoplight charts. Some activities (at a rolled-up level) received a red/yellow rating but he stated that the Centers are aware of the specific issues and are making a concerted effort to fix the issues. Hussey closed by summarizing his three keys for success: effective planning, working challenges aggressively, and active management by senior Agency leaders. He believes that with continued diligence, NASA will be able to meet the HSPD-12 commitments. Questions were asked by OMC members regarding requirements for background investigations for certain contractor types and access to systems by remote users. One member strongly encouraged continued coordination between the Headquarters and Center teams and a tightly controlled scope to ensure that all activities stay on schedule.

***No decisions or actions.***

## **Second Item of Business: Acquisition Integrity Program**

Sandra Nugent, Office of the General Counsel, presented an overview of NASA's Acquisition Integrity Program (AIP), summarized as follows:

- The mission of the AIP program is to improve effectiveness of Agency operations through combating fraud, waste, and abuse on NASA contracts, other funding instruments, and other commitments of NASA resources.
- AIP was created in December 2006 by Deputy Administrator Dale to provide a centralized and coordinated approach to address fraud and corruption throughout the acquisition process, and to ensure Agency integrity and public trust.
- Nugent presented the program organization, stakeholders and points of interface, internally and externally.
- She presented a number of ways in which the program helps the Agency by training personnel, penalizing irresponsible contractors, and partnering with others to combat fraud.

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- She cited examples where fraud investigations resulted in the recovery of funds returned to NASA programs.
- She explained the types of fraud, how to detect it in each phase of the acquisition process, and the consequences of committing fraud.
- She encouraged members to promote fraud awareness and training, to be vigilant in all acquisition actions, and to keep investigations confidential.
- Nugent closed by presenting a training plan and schedule for Agency management, attorneys, key players in the acquisition process, and the general NASA workforce.

A question was raised from the Office of Safety and Mission Assurance (OSMA) regarding disclosure of safety alerts to contractors. The discussion centered on the need for a balance between protecting the confidentiality of an investigation and protecting against the development of defective hardware that might pose a risk to personnel. Nugent stated that there is no clear-cut answer, but she is working with a DoD fraud working group and they are looking at different government data exchange scenarios. She will follow-up with OSMA off-line.

***No decisions or actions.***

**Note:** The Deputy Administrator left the meeting after the second item of business and, in the absence of the Chief of Staff, delegated temporary chair authority to Christyl Johnson, Assistant Associate Administrator.

**Third Item of Business:** Strategic Planning Guidance

Cynthia Lodge, Deputy Director (acting) of the PA&E Strategic Investments Division, presented the FY 2009 Strategic Planning Guidance (SPG) for concurrence by the OMC. It will be presented to the SMC for approval on February 21<sup>st</sup>.

- The programming phase of the Planning, Programming, Budgeting, and Execution (PPBE) process for FY 2009 begins with the issuance of the SPG, which is scheduled to be released at the end of February.
- The SPG includes high-level program and institutional guidance on strategic priorities, directions and assumptions to support budget development. It will be posted on the Office of the Chief Financial Officer's Knowledge Information Center (KIC).
- A major emphasis this year is on the integration of programmatic and institutional performance and budget requirements.
- The Agency's priorities are as identified in the NASA Strategic Plan. The mission support priorities are included in the draft Mission Support Plan, with special emphasis to be placed on 24 high-priority objectives.
- The draft SPG requests that control account managers identify their lowest 1% of program content, which may be reduced or eliminated as needed to create trade space for other high-priority Agency requirements.

- New requirements for the Program Analysis and Alignment (PAA) reports include inclusion of expected programmatic CoF projects to be funded, impacts of preliminary decisions for parallel programmatic and institutional processes, and response to White Papers regarding IT investments and facilities analyses.
- New requirements for the Institutional Infrastructure Analysis (IIA) reports include measures of Center workforce health and data regarding “available for new work” workforce.

Members discussed the requirement for budgeting projects at the 70 percent confidence level, unless prior agreements (e.g., 65 percent for Constellation) have been made. The PAA report should include the impact to the program of budgeting at the required level. Discussion also included assumptions to be made regarding buyouts and transfers. Scott Pace, Associate Administrator of PA&E clarified that assumptions used in the SPG are for budget analysis purposes and should not be construed as final Agency commitments.

**Decision:** The OMC concurred with the draft Strategic Planning Guidance for FY 2009.

#### **Fourth Item of Business – Agency Standards**

Chris Scolese, Chief Engineer, presented the Agency’s recent activities and plans to improve the technical standards process, and Charles Scales, Associate Administrator for Institutions and Management, followed with a discussion piece on Mission Support Office policies and requirements.

- Recent anecdotes and known future requirements point to the need for establishing a common industry-wide standards framework and to strive for more universal applicability of standards.
- An important step is to establish a consistent technical environment across NASA including a common but adaptable technical base and a mandatory baseline for significant technical areas.
- NASA should make maximum use of accepted, existing practices and only establish its own if fully justified. When doing so, it is important to have complete buy-in from Centers and Programs.
- NASA is participating in external working groups to increase commonality of standards requirements across all Government space programs.
- The OCE is working with the Mission Directorates and Centers to gather requirements and establish criteria and a process for the development of new standards.
- Most Mission Support Offices (MSOs) do not develop NASA Technical Standards, but they do issue Agency directives, some of which require unique implementation at the Centers, and some of which are considered to be “unfunded mandates” by the Centers.
- The level of Headquarters verification of Center compliance with Agency policy varies by MSO.
- The topic presented for discussion was: “How do we ensure compliance with Agency MSOs’ policies and requirements while providing appropriate local implementation options?”

Several members explained their Center’s approach to ensuring compliance with Agency standards through their governance councils and established internal review processes. Some of the Headquarters Mission Support Offices discussed their process for validating compliance through site visits and review of self-assessment reports. Scott Pace questioned whether it’s possible for

some compliance checks to be performed in an automated way as a natural course of information generation. Everyone agreed that an optimal scenario would be for the number of reviews to decrease while compliance increased.

***No decisions or actions.***

**Note:** The Deputy Administrator returned to the meeting after the fourth item of business.

**Fifth Item of Business – Internal Control Quarterly Status**

Olga Dominguez, Assistant Administrator for Infrastructure and Administration, presented the status of the one open action for internal control:

- The Office of Infrastructure and Administration (I&A) will analyze the process for updating key Agency documents, determine the cause of delays, and make recommendations to the Deputy Administrator on ways to improve accountability for completion of required actions. Due: October 6, 2006.

**Status:** Closed per presentation to the Deputy Administrator on February 9, 2007

Lynn Cline, Deputy Associate Administrator for Space Operations and NASA Headquarters Executive Management Representative, presented the results of the most recent Headquarters Management Systems review:

- Activities during the past quarter included an Internal Audit conducted September 18-22, 2006 and an External Surveillance audit conducted by National Quality Assurance, Inc. November 8-10, 2006
- There is one major nonconformance (Quality Systems Manual not updated), which has since been corrected. There was one minor nonconformance (lack of comprehensive Management Review system), which will be corrected through issuance of NASA Policy Document (NPD) 1000.3 (since published) and NPD 1000.0 (still in review).
- The next Internal Audit is scheduled for March 12-16, 2007 and the next Surveillance Audit is scheduled for May 2-3, 2007. [Note: the Internal Audit was subsequently deferred to August.]

The following status was provided for the internal control deficiencies:

**Asset Management** – Terry Bowie, Deputy Chief Financial Officer (OCFO), presented the status of this Material Weakness. NASA's revised capitalization policy is close to being approved, and implementation will be piloted with the James Webb Space Telescope (JWST) project. The Inspector General stated that the financial audit will depend heavily on the property issue and that the theme asset capitalization policy will be an important step, but there are still other hurdles to overcome. Bowie stated that he would meet with the Inspector General offline and discuss their plans and anticipated results.

**Financial Management System** – Terry Bowie presented the status of this Material Weakness. Actions since the last quarter include implementation of the SAP Version Upgrade (SVU), which had some problems but for which corrective actions are being implemented according to schedule.

**Financial Management Data Integrity** – Terry Bowie presented the status of this Management Challenge. Currently, there is an estimated \$7 million discrepancy in Funds Balance with Treasury (FBWT), but monthly monitoring continues and continued progress has been made in the reconciliations.

**Financial Management Policy and Procedures** – Terry Bowie presented the status of this Management Challenge. All Financial Management Regulation (FMR) updates have been published but the OCFO is re-engineering the accounts receivable and accounts payable processes. The Inspector General stated that he is reviewing the Corrective Action Plans with the financial auditor and that he will continue to work with the OCFO regarding observations and concerns.

**Financial Management Staffing** – Terry Bowie presented the status of this Management Challenge. The OCFO filled two senior level positions this quarter but that they continue to experience high attrition. They are establishing hiring targets and developing a training program for OCFO employees.

**Full Cost Integration** – Terry Bowie presented the status of this Management Challenge. The Full Cost Working Group report is being finalized and the near-term recommendations will be implemented by the fourth quarter of FY 2007.

**Information Technology Security** – Annette Moore, Office of the Chief Information Officer (OCIO), presented the status of this Material Weakness. The new Information Technology (IT) security clause was issued in February 2007, the IT Security reviews at the Centers were complete, and the review team is finishing its report and corrective action plan (CAP). In addition, an interim CAP was developed and submitted to the Office of Management and Budget in December 2006. The Inspector General stated that there is a lot of attention at OMB regarding protection of IT resources, and that his office is looking into the manner in which NASA IT investments are made.

**Declassification Review Process** – Steve Peyton, Office of Security and Program Protection (OSPP), presented the status of this Management Challenge. All required declassification activities were completed by the December 31, 2006 deadline. The declassification effort will continue as required, but OSPP recommended closure of this deficiency because they believe the workload is manageable and they will continue to use the Mission Directorate points of contact as needed for support. The Inspector General asked about the progress of the special media declassification effort. Peyton responded that they are still in the planning stages. The Deputy Administrator congratulated the team for their efforts in completing this very important activity, and asked to be kept informed periodically of progress on future milestones (not an OMC action).

**Decision:** The Declassification Review Process deficiency is closed.

**Mission Management Aircraft** – Joe Walker, Director of the Aircraft Management Division, presented the status of this Management Challenge. NASA is awaiting the results of the OIG's Audit of A-76 Cost Comparison Study and will respond to the recommendations as soon as the report is received. All other actions associated with this deficiency are completed. The Inspector

General stated that this topic continues to garner Congressional attention but that the Agency's progress has been acknowledged.

**Acquisition Management** – Rita Svarcas, Office of Program and Institutional Integration (OPII), presented the status of this Other Weakness. The Office of the Chief Engineer, Office of Procurement and OPII identified a set of policies requiring modification to include the Agency strategic acquisition approach and developed a list of candidate acquisitions to monitor as case studies. Selection of candidate acquisitions and support to IEMP for development of acquisition management requirements is scheduled for next quarter.

**Unfinitized Contract Actions** – Deborah O'Neill, Office of Procurement, presented the Corrective Action Plan for this deficiency, which was identified during the Statement of Assurance process in the fall of 2006 and added as a Management Challenge at the October 2006 OMC meeting. The GAO has carried NASA Contract Management on its High Risk List since the 1990's and high number of Unfinitized Contract Actions (UCAs) was considered to be a factor in that determination. During the past 10 years, however, NASA has placed a high priority on reducing the number and dollar value of UCAs through improved processes, monthly reporting, and increased oversight by NASA Headquarters. The results have been positive, and in January 2007, UCAs were removed as part of the Contract Management High Risk. Based on this information, the Office of Procurement recommended that UCAs not be carried as an internal control deficiency. The Inspector General understood the reason for the recommendation but questioned whether the policies are in place to ensure appropriate use of UCAs. O'Neill stated that the Office of Procurement has established policies and processes for the use of UCAs, supplemented by approval thresholds and monthly monitoring. The Deputy Administrator asked that procurement keep monitoring UCAs and elevate any problems as necessary.

**Decision:** The Unfinitized Contract Actions deficiency is closed.

## **Sixth Item of Business** – New Internal Control Process and Organization

Christyl Johnson, Assistant Associate Administrator, presented the new process for governance of internal control, which was approved by the Deputy Administrator in November 2006, and Charles Scales, Associate Administrator for Institutions and Management, explained how the new process will be implemented within his organization.

- The Agency must comply with OMB Circular A-123, *Management's Responsibility for Internal Control*, which guides the Agency's internal control process and includes the requirements that assessment of internal control must include programmatic, financial, and institutional management.
- In 2006, it was agreed that the process used to develop the Agency's Statement of Assurance needed improvement and that NASA needed a more proactive approach to identifying, managing and correcting weaknesses internally.
- The Senior Assessment Team (SAT), chaired by the OPII Director and consisting of leads from the Programmatic, Financial, and Institutional Internal Control Teams, will be a key part of the

new approach and will be responsible for integrating and prioritizing internal control requirements and plans.

- The SAT will also monitor and assess material weaknesses for the OMC and recommend appropriate actions. The detailed status reporting will be made to the SAT, and the SAT will periodically report the high-level actions or changes to the OMC.
- The Office of Internal Controls and Management Systems (formerly Management Systems Division) will report directly to the Associate Administrator for Institutions and Management and will lead the integrated internal management control program for the Agency. Its responsibilities include providing oversight to the program, ensuring compliance with federal objectives and requirements, providing support to the SAT, and overseeing the Mission Support Plan. Jay Henn has been selected to lead the organization.

In response to a question, it was explained that the membership of the SAT will not change. The Inspector General stated that he agreed with the proposed changes, including the elevation of the oversight office within the Office of Institutions and Management and the designation of the OPII Director as the SAT Chair.

***No decisions or actions.***

**Seventh Item of Business – SAP Version Upgrade (SVU) Update**

Bobby German, IEMP Program Manager, led a discussion to explain the status of the recent financial system upgrade and to address the concerns of Agency managers regarding some of the problems with the upgrade. Bob Cabana, Deputy Director of Johnson Space Center (JSC), stated that some programs do not yet have accurate information about available and expended funds, and although they know that corrections are being made to the system, they are not sure if historical data will be corrected. German explained that the inaccuracies are at the cost center level and impact the reports, not the data itself. The corrections will be complete by the end of March and will fix the reporting of all historical data as well.

Another problem was raised regarding non-payment of travel vouchers. JSC has experienced problems and attributes them to inaccurate data in Business Warehouse. Debbie King, NASA Shared Services Center, stated that significant resources are required to reprocess vouchers rejected due to insufficient funds. Terry Bowie explained that the problem is not fully attributable to Business Warehouse or the financial system, but to the way travel funds are managed at the Centers. The Deputy Administrator requested that Charles Scales lead a team to look into the problems with the travel payments.

SAP issues with payments to Treasury were also discussed. German explained that a software problem with the SVU resulted in incorrect postings on approximately 400 contracts out of 73,000 total documents. There is a software correction scheduled for the end of February, and a plan is in place to correct the data as needed. The correction will be primarily automated with some manual steps needed as well. Paul Morrell, Chief of Staff, requested that regular updates be provided to the Agency leadership until the problems are corrected.



**Action:** The IEMP Program Manager or designee will provide the status of SVU corrections at the Administrator's ViTS on Monday mornings.

**Due:** Begin immediately, and continue until problems are fixed and/or the Chief of Staff states that the updates are no longer needed.

**Closing** The Deputy Administrator and Executive Secretary reviewed the decisions and actions assigned during the meeting.

*The Council ended its meeting at 3:15 p.m.*

Prepared by:



Ms. Kelly M. Carter  
Executive Secretary, Operations Management Council  
Office of Program Analysis & Evaluation

Approved by:



Dr. Scott N. Pace  
Associate Administrator,  
Office of Program Analysis & Evaluation




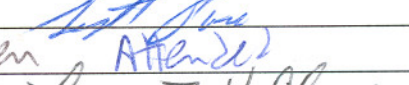
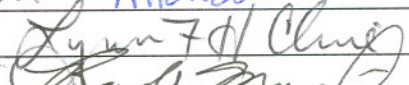
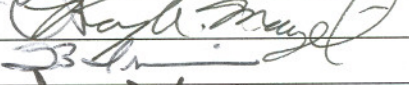
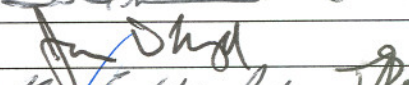
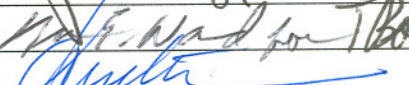
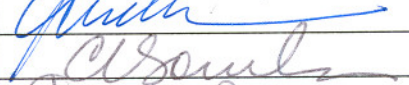
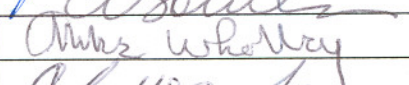
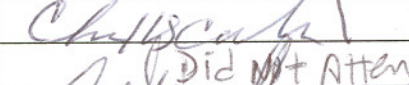
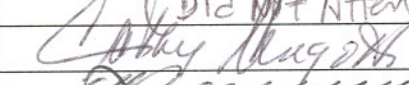
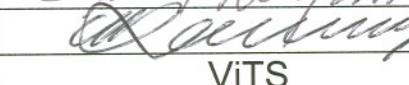

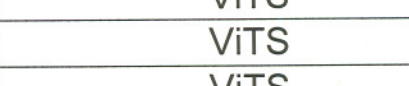

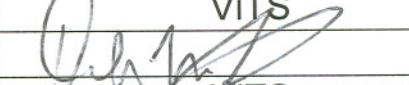
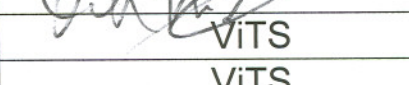
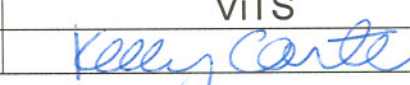
# OMC MEMBERS

Operations Management Council

NASA Headquarters

Room 7C61

February 15, 2007

Title	Name	Signature
Deputy Administrator	Shana Dale	
Associate Administrator	Christyl Johnson for	
Chief of Staff	Paul Morrell	
PA&E AA	Scott Pace	
ESMD	Tom Cremins <i>Gale Allen</i>	
SOMD	Lynn Cline	
SMD	Roy Maizel	
ARMD	Tom Irvine	
S&MA	Jim Lloyd	
Chief Financial Officer	Terry Bowie for	
Chief Information Officer	Annette Moore	
Office of Chief Engineer	Carrie Sorrels	
General Counsel	Michael Wholley	
Institutions & Mgmt. AA	Charles Scales	
Chief of Strategic Commun.	Eric Sterner	
Chief Health & Medical Off.	Cathy Angotti	
Infrastructure & Admin. AA	Olga Dominguez	
Executive Director, NSSC	Rick Arbutnot	ViTS
ARC	Lew Braxton	ViTS
DFRC	Steve Schmidt	ViTS
GRC	Bill Wessel	ViTS
GSFC	Diane Williams	ViTS
JPL	Dale Johnson	
JSC	Bob Cabana	ViTS
KSC	Jim Hattaway	ViTS
LaRC	Doug Dwoyer	ViTS
MSFC	Charles Chitwood	ViTS
SSC	Gene Goldman	ViTS
Executive Secretary	Kelly Carter	



## Presenters and Other Attendees

Operations Management Council  
NASA Headquarters - Room 7C61  
February 15, 2007

Name	Organization/Center	Signature
Robert Cobb	OIG	Attendee
Tom Howard	OIG	
Evelyn Klemstine	OIG	
Chris Shank	Director, PA&E/SID	Did not attend
Rick Keegan	Director, OPIL	Did not attend
David Schurr	Comptroller	Did not attend
JuliAnna Potter	Spec. Asst. to Dep. Admin.	Attendee
Rebecca Keiser	Exec. Officer to Dep. Admin.	Attendee
Toni Dawsey	Dep. Asst. Admin. for HCM	Attendee
Bobby German	IEMP Program Manager	Attendee
Deanna Murphy	OPIL	Attendee
Jay Henn	OHCM	Attendee
Walter Hussey	Office of Dep. Admin.	Attendee
Karen Petraska	OCIO	Attendee
Sandra Nugent	OGC	Attendee
Karen Harper	OGC	Attendee
Monica Aquino	OGC	Attendee
Brett Egusa	OGC	Attendee
Cynthia Lodge	PA&E	Attendee
Krista Paquin	OPIL	Attendee
Marcie Washington	I&A	Attendee
John Werner	I&A	Attendee
Marie Tynan	I&A	Attendee
Frank Peterson	OCFO	Attendee
Clint Herbert	OSPP	Attendee
Steve Peyton	OSPP	NOT ATTENDING
Joe LeCren	Procurement	NOT ATTENDING
Deborah O'Neill	Procurement	Attendee
Joe Walker	I&A	Attendee
Rita Svarcas	OPIL	Attendee
Dave Alonso	KSC	VITS
Willis Chapman	JPL	VITS
Robin Henderson	MSFC	VITS
Rose Allen	MSFC	VITS
Deb Watson	GRC	VITS
Trish Pengra	PA&E	Attendee
Tim Flores	PA&E	Attendee
Vicki Johnson	PA&E	Attendee
Trina Braxton	PA&E	Attendee

## Other Attendees

## Operations Management Council

## NASA Headquarters

Room 7C61

**February 15, 2007**

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